

Hearing date: November 1, 2022 at 11 a.m. EST
Objection date: October 25, 2022 at 4 p.m. EST

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, et al.,¹

Debtors.

)
) Chapter 11
)
) Case No. 22-10964-MG
)
)
)

**STATE OF WASHINGTON’S JOINDER TO OBJECTIONS TO THE DEBTORS’ MOTION
TO SELL STABLECOIN FILED BY TEXAS, VERMONT AND THE UNITED STATES
TRUSTEE**

The Washington State Department of Financial Institutions (“Washington”) hereby joins in the objections filed by Texas, Vermont and the United States Trustee to the Debtors’ Motion Seeking Entry of an Order (I) Permitting the Sale of Stablecoin in the Ordinary Course and (II) Granting Related Relief. DE #832. Washington requests the Court deny the Debtors’ motion.

Procedural History

1. On September 15, 2022 Debtors filed Debtors’ Motion Seeking Entry of an Order (I) Permitting the Sale of Stablecoin in the Ordinary Course and (II) Granting Related Relief

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC’s principal place of business and the Debtor’s service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

(the “Motion”). The Debtors argued that the sale of their stablecoin was necessary to help fund the Debtors’ operations. DE #832, ¶ 10-11.

2. On September 29, 2022 the Texas Securities Board and Texas Department of Banking (“Texas”) filed an objection to the Debtors’ Motion. DE #922. Texas argued that the Debtors had failed to disclose how much stablecoin would be sold and how the monetization of the stablecoin would benefit the bankruptcy estate. DE #922, ¶ 1. Further, Texas argued that the Debtors’ requested relief allowed ambiguously broad authority to sell and/or exchange assets for purposes that were insufficiently defined. DE #922, ¶ 2-3. Finally, Texas opposed Debtors’ Motion because it would allow Debtors’ to sell cryptocurrency holdings while such holdings were currently under examination by the United States Trustee. DE #922, ¶ 4.
3. On September 29, 2022 the Vermont Department of Financial Regulation (“Vermont”) filed its objection to Debtors’ Motion. DE #925. Vermont argued the Debtors were seeking broad and ambiguous relief that could potentially result in unlawful activity. DE #925, ¶ 7-9. Further, Vermont argued that Debtors’ requested relief was premature because this Court had yet to determine whether various classes of crypto assets were property of the bankruptcy estate. DE #925, ¶ 11.
4. On September 30, 2022, the United States Trustee (“Trustee”) filed a Limited Omnibus Objection to Debtors’ Motion². DE #933. The Trustee argued that the Motion was premature and should be denied until after the Examiner Report is filed. DE #933, at 2.

² The Trustee also objected to the Debtor’s Motion seeking entry of an order authorizing Debtors to reopen withdrawals for certain customers with respect to certain assets held in the custody program and withhold accounts. The Department does not join the Trustee in this objection at this time.

5. On October 4, 2022 the Wisconsin Department of Financial Institutions (“Wisconsin”) filed a Joinder to Objections to the Debtors’ Motion to Sell Stablecoin Filed by Texas and Vermont. DE # 967.

JOINDER

6. For the reasons identified by Texas, Vermont and the Trustee, Washington objects to the Debtors’ Motion. The Motion is premature and ambiguous and should be denied.

CONCLUSION

Washington respectfully requests that the Court deny the Debtors’ Motion for the reasons set forth by Texas, Vermont and the Trustee.

Dated: October 17, 2022

Respectfully submitted,

ROBERT FERGUSION
Attorney General of Washington

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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing has been served via the Court’s Electronic Filing System on all parties requesting notice in this proceeding on October 17, 2022.

/s/ Stephen Manning
STEPHEN MANNING
Assistant Attorney General